



0000197529

## BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS**DOCKETED**

ROBERT "BOB" BURNS - Chairman  
 ANDY TOBIN  
 BOYD DUNN  
 SANDRA D. KENNEDY  
 JUSTIN OLSON

APR 26 2019

DOCKETED BY

In the matter of:

Partisan Alliance Corporation, an Arizona  
 corporation, and

Joseph J. Carrillo and Azucena Carrillo,  
 husband and wife,

Respondents.

DOCKET NO. S-21067A-18-0416

DECISION NO. 77158

**ORDER TO CEASE AND DESIST, ORDER  
 FOR RESTITUTION, AND ORDER FOR  
 ADMINISTRATIVE PENALTIES**

On December 31, 2018, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Order for Other Affirmative Action (the "Notice") against Respondents Partisan Alliance Corporation, Joseph J. Carrillo, and Azucena Carrillo.

On January 3, 2019, the Division served a copy of the Notice upon Joseph J. Carrillo and Azucena Carrillo by leaving copies with their fifteen-year-old son at their residence. On January 3, 2019, the Division served a copy of the Notice upon Partisan Alliance Corporation by mailing a copy by certified mail to its last known business address, and the certified mail receipt was signed and returned by Partisan Alliance Corporation's Secretary. No request for a hearing or answer to the Notice has been filed as of April 8, 2019.

**I.****FINDINGS OF FACT**

1. Partisan Alliance Corporation ("Partisan") is a corporation organized under the laws of the state of Arizona on December 4, 2007. Joseph J. Carrillo has been the president of Partisan since its incorporation. Partisan has not been registered by the Commission as a securities salesman or dealer, and none of Partisan's securities have been registered by the Commission.

2. Joseph J. Carrillo ("Carrillo") has been a married man and an Arizona resident since at least January 1, 2015. Carrillo has not been registered by the Commission as a securities salesman or dealer.

3. Azucena Carrillo ("Respondent Spouse") was at all relevant times the spouse of Respondent Carrillo. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

4. At all relevant times, Carrillo was acting for his own benefit and for the benefit or in furtherance of his and Respondent Spouse's marital community.

5. Partisan and Carrillo may be referred to collectively as "Respondents."

6. Partisan is a company that provided educational services such as Spanish-language General Educational Development classes, English as a second language classes, and citizenship classes. It also provided immigration advocacy services. These services were oriented toward the Hispanic community in particular.

7. Partisan's educational and immigration advocacy services were a pivot from Partisan's prior business plans. Partisan's original plan was to be a mortgage bank offering ITIN (individual tax identification number) loans to immigrants without social security numbers. A Partisan subsidiary previously had a mortgage banking license, but this license lapsed, and the subsidiary never made any mortgage loans. The original purpose of Partisan's educational and immigration advocacy services was to increase immigrant confidence in Partisan as a mortgage bank.

1 Partisan's plans expanded to the development of residential real estate, but those development plans  
2 were later abandoned. Partisan struggled with very small earnings from 2007–2015.

3 8. Carrillo describes himself as someone trying to protect immigrants from exploitation  
4 by banks and by others.

5 9. From approximately April 2016 to November 2016, Carrillo raised money from  
6 investors ("Investors") to fund Partisan's general business expenses by offering promissory notes  
7 issued by Partisan ("Notes"). Partisan raised at least \$83,000 from the sale of these Notes to at least  
8 six Investors. All of these Investors were members of the local Hispanic community. These Investors  
9 were not accredited investors. At least two of these Investors were students of Partisan's Spanish-  
10 language General Educational Development classes or English as a second language classes. At least  
11 six Investors had Notes that had terms of between approximately one to two years, promised a 10%  
12 interest rate, and gave Investors the option to convert their Notes to Partisan stock at any time.

13 10. Carrillo solicited the sale of the Notes to at least two Investors by telling them that he  
14 could grow their money if they invested it with him. These Investors intended to use their investment  
15 proceeds to purchase homes for their families with guidance from Carrillo. Carrillo showed to at  
16 least two Investors, who were primarily Spanish speakers with limited or no English-reading ability,  
17 a document written in English that he claimed explained the terms of the investment. At least two of  
18 these Investors asked Carrillo to give them a copy of that document translated into Spanish, but  
19 Carrillo told them that it would take too long to translate and never provided a Spanish-language  
20 copy of the document.

21 11. Carrillo boasted to at least one Investor that he was known in the Hispanic community  
22 for helping people with business dealings.

23 12. Carrillo omitted to tell at least two Investors before they invested that Partisan's  
24 financial condition cast significant doubt on its ability to timely pay the Notes. In 2015, Partisan had  
25 annual revenue of only \$1,540 and operated at a loss of over \$17,500. On December 31, 2015,  
26 Partisan's liabilities exceeded its assets by over \$87,000, and over \$352,000 of the assets Partisan

1 claimed were debts owed to it by Carrillo and other entities either controlled by Carrillo or no longer  
2 operating. By the end of 2016, Partisan had an annual operating loss of over \$105,000 and its  
3 liabilities exceeded its assets by over \$152,000. Over \$364,000 of the assets Partisan claimed by the  
4 end of 2016 were debts owed to it by Carrillo and other entities either controlled by Carrillo or no  
5 longer operating.

6 13. Carrillo misrepresented to at least one Investor that his investment would “double,”  
7 and Carrillo solicited additional investment funds from another Investor by misrepresenting that his  
8 prior investment was earning 54% interest. However, these statements greatly exaggerated the actual  
9 rate of return because these Investors’ Notes promised only 10% interest.

10 14. None of Partisan’s Investors have received any return.

## 11 II.

### 12 CONCLUSIONS OF LAW

13 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
14 Arizona Constitution and the Securities Act.

15 2. Respondents offered or sold securities within or from Arizona, within the meaning of  
16 A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

17 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
18 neither registered nor exempt from registration.

19 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither  
20 registered as a dealer or salesman nor exempt from registration.

21 5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice  
22 to defraud, (b) making untrue statements or misleading omissions of material facts, or (c) engaging  
23 in transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

24 6. Respondents’ conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-  
25 2032.

7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

9. Respondent Carrillo acted for the benefit of the marital community and, pursuant to A.R.S. §§ 25-214 and 25-215, this order of restitution and administrative penalties is a debt of the community.

10. Respondent Carrillo directly or indirectly controlled Respondent Partisan within the meaning of A.R.S. § 44-1999 since December 4, 2007. Therefore, Respondent Carrillo is jointly and severally liable under A.R.S. § 44-1999 to the same extent as Respondent Partisan for any violations of A.R.S. § 44-1991.

### III.

## ORDER

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents and the marital community of Respondent Carrillo, jointly and severally, shall pay restitution to the Commission in the principal amount of \$83,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission.

IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will accrue interest, as of the date of the Order, at the rate of the lesser of (i) ten percent per annum or (ii)

1 at a rate per annum that is equal to one per cent plus the prime rate as published by the board of  
2 governors of the federal reserve system in statistical release H.15 or any publication that may  
3 supersede it on the date that the judgment is entered.

4 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records  
5 of the Commission. Any restitution funds that the Commission cannot disburse because an investor  
6 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor  
7 because the investor is deceased shall be disbursed on a pro-rata basis to the remaining investors  
8 shown on the records of the Commission. Any funds that the Commission determines it is unable to  
9 or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

10 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents and the marital  
11 community of Respondent Carrillo, jointly and severally, shall pay an administrative penalty in the  
12 amount of \$20,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of  
13 Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of  
14 Arizona." Any amount outstanding shall accrue interest as allowed by law.

15 IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding  
16 paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per  
17 annum that is equal to one per cent plus the prime rate as published by the board of governors of the  
18 federal reserve system in statistical release H. 15 or any publication that may supersede it on the date  
19 that the judgment is entered.

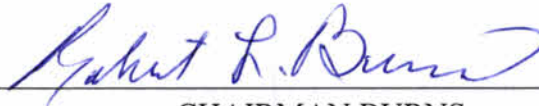
20 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be  
21 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments  
22 shall be applied to the penalty obligation.

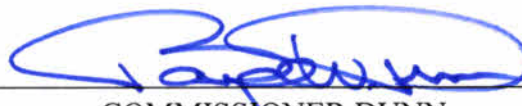
23 IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the  
24 Commission may bring further legal proceedings against Respondents, including application to the  
25 superior court for an order of contempt.

26 IT IS FURTHER ORDERED that this Order shall become effective immediately.



BY ORDER OF THE ARIZONA CORPORATION COMMISSION

  
CHAIRMAN BURNS

  
COMMISSIONER DUNN


  
COMMISSIONER TOBIN

  
COMMISSIONER KENNEDY

  
COMMISSIONER OLSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
Executive Director of the Arizona Corporation Commission,  
have hereunto set my hand and caused the official seal of the  
Commission to be affixed at the Capitol, in the City of Phoenix,  
this 26 day of April, 2019.

  
MATTHEW J. NEUBERT  
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator,  
voice phone number (602) 542-3931, e-mail [kcannon@azcc.gov](mailto:kcannon@azcc.gov).

(PSK)

SERVICE LIST FOR: IN RE PARTISAN ALLIANCE CORP ET AL.

Partisan Alliance Corporation  
4420 E. Indigo Bay Drive  
Gilbert, AZ 85234  
Respondent

Joseph J. Carrillo  
2818 W. Harvest Groves Ln.  
Phoenix, AZ 85041  
Respondent

Azucena Carrillo  
2818 W. Harvest Groves Ln.  
Phoenix, AZ 85041  
Respondent



1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 COMMISSIONERS

4 ROBERT "BOB" BURNS - Chairman  
5 ANDY TOBIN  
6 BOYD DUNN  
7 SANDRA D. KENNEDY  
8 JUSTIN OLSON

9 In the matter of:

10 Partisan Alliance Corporation, an Arizona  
11 corporation, and

12 Joseph J. Carrillo and Azucena Carrillo, husband  
13 and wife,

14 Respondents.

) DOCKET NO. S-21067A-18-0416

) **CERTIFICATION OF SERVICE OF**  
) **PROPOSED OPEN MEETING AGENDA**  
) **ITEM**

15 On this 9<sup>th</sup> day of April, 2019, the foregoing document was filed with Docket Control as an  
16 Order to Cease and Desist, Order for Restitution, and Order for Administrative Penalties, and copies  
17 of the foregoing were mailed on behalf of the Securities Division to the following who have not  
18 consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket  
19 program will automatically email a link to the foregoing to the following who have consented to  
20 email service.

21 Partisan Alliance Corporation  
22 4420 E. Indigo Bay Drive  
23 Gilbert, AZ 85234  
24 Respondent

25 Joseph J. Carrillo  
26 2818 W. Harvest Groves Ln.  
Phoenix, AZ 85041  
Respondent

Azucena Carrillo  
2818 W. Harvest Groves Ln.  
Phoenix, AZ 85041  
Respondent

27 By:   
28 Emie R. Bridges, Executive Assistant